



FISCAL YEAR 2021

ANNUAL MANAGEMENT REPORT (AMR)

Contents

Section I: Executive Overview	2
Organizational Structure	2
Mission	3
Strategic Goals	3
Benefits of the IAF Approach	4
FY 2021 Accomplishments	6
Section II: Financial Section	8
Annual Assurance Statement	9
Financial Statements	10
Notes to the Financial Statements	13
Independent Auditor's Report	30

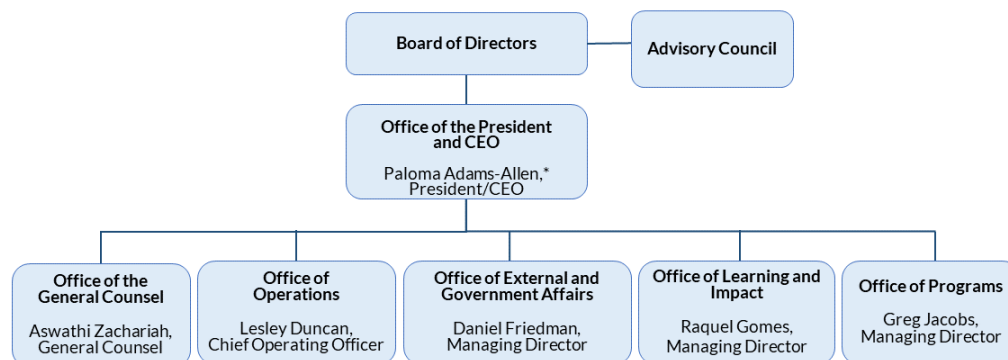
Section I: Executive Overview

The Inter-American Foundation (IAF) is a U.S. foreign assistance agency that invests in community-led development across Latin America and the Caribbean. Created by Congress in 1969,¹ the IAF directly engages local leaders, innovators, and entrepreneurs in underserved areas to create more prosperous, peaceful, and democratic communities.

The IAF advances U.S. strategic interests by awarding small grants to local civil society and community organizations with an average investment of \$310,000 over four years. IAF small grants are highly competitive, cost-effective catalysts that leverage on average \$1.23 in local, private, and philanthropic support for every dollar the IAF invests. The agency requires grantees to contribute or mobilize their own cash or in-kind resources as well as to track and report their progress, lessons learned, and results. This best prepares them to succeed, sustain, and grow their efforts beyond the IAF's support—and to contribute to the economic and democratic progress of their countries. To multiply this impact, the IAF also connects its grantees with each other to share their lessons learned. The IAF's active portfolio includes almost 400 projects in 27 countries.

ORGANIZATIONAL STRUCTURE

The IAF is led by a bipartisan nine-person board of directors appointed by the President of the United States and confirmed by the Senate. Board members, who serve six-year terms and may continue to serve as willing, are drawn from the private and public sectors and assisted by an advisory council. No more than five members of the Board may be members of any one political party. The IAF president, appointed by the Board, serves as the agency's chief executive officer and manages a staff of 49 employees based in Washington, D.C. The IAF is organized into six offices: (1) Office of the President and CEO; (2) Office of the General Counsel; (3) Office of Operations; (4) Office of External and Government Affairs; (5) Office of Learning and Impact; and (6) Office of Programs.



¹ Congress created the IAF as part of the Foreign Assistance Act of 1969: Part IV, Section 401(b).

IAF FY 2021 AMR

*Since October 8, 2021, Chief Operating Officer Lesley Duncan has been the Interim IAF President & CEO and Finance and Budget Officer Chris Wood has been the Interim IAF Chief Operating Officer.

MISSION

To identify, support, and partner with underserved populations, their enterprises, and grassroots organizations to build thriving communities in Latin America and the Caribbean.

The IAF advances its mission through programming that is:

- **Community-led**, investing in community solutions, ownership, and leadership.
- **Cost-effective**, minimizing overhead and mobilizing matching resources.
- **Accountable**, with a commitment to results, transparency, and impact.
- **Sustainable**, prioritizing strengthening organizations and mobilizing local funding sources for sustainability and impact.
- **Nimble**, with lean, flexible operations to respond quickly to emerging opportunities and crises.
- **Innovative**, providing small grants to local organizations to test and grow grassroots development solutions.
- **Inclusive**, investing in organizations that advance the economic and social inclusion of underserved populations, including Indigenous people, African descendants, women, and youth.
- **Collaborative**, building alliances with public, private, and community sectors to catalyze smart and sustainable development.

STRATEGIC GOALS

The IAF invests in grassroots, community-led approaches that are:

- 1) **Expanding economic opportunities** through investments in sustainable smallholder agriculture, job skills training, access to credit, microenterprise and small-business growth, production, connectivity and technology, local entrepreneurship, and market access;
- 2) **Enhancing peace and security** by strengthening communities' social cohesion to address transnational crime, violence, and irregular migration and create economic opportunities that improve their safety;
- 3) **Strengthening democratic governance** and combating corruption by improving the capacity of community groups and other civil society actors to engage constructively with public officials, oversee the use of public funds, protect human rights, promote transparency and inclusion, and hold their governments accountable; and
- 4) **Unlocking private, public, and community resources** for grassroots development through financial and programmatic partnerships with corporate, philanthropic, and public institutions.

BENEFITS OF THE IAF APPROACH

The IAF Serves U.S. Interests

The IAF's investments in Latin America and the Caribbean serve U.S. interests by:

- **Creating alternatives to irregular migration, the drug trade, crime, and violence in vulnerable places, including Central America.** IAF grants promote inclusive economic opportunities, good governance, and peace and security to mitigate the root causes of irregular migration such as poverty, unemployment, corruption, crime, violence, food insecurity, and environmental pressures like drought in the countries of origin for high numbers of migrants to the United States.
- **Rapidly addressing emerging crises.** The IAF model allows the agency to quickly shift resources toward emerging areas of U.S. concern. For example, a third of all IAF grantees—already reeling from the pandemic—lost crops, buildings, electricity, and drinkable water in two consecutive Category-4 hurricanes, Eta and Iota, in November 2020. In response, the IAF swiftly invested or reallocated \$2.2 million to grantees providing agricultural assistance, water and infrastructure improvement, access to credit, and food aid. The IAF also invests in communities' ability to prepare for and recover from disasters through initiatives such as Building Community Resilience in the Eastern & Southern Caribbean, a joint initiative with USAID.
- **Improving public opinion of the United States.** IAF investments to date have created a dynamic network of grassroots organizations throughout the region positively disposed to the United States. More than 70 percent of IAF grantees independently surveyed by the Center for Effective Philanthropy in 2020 had improved or greatly improved their opinion of the United States as a result of working with the IAF.
- **Building stronger, more democratic allies.** The IAF works to improve the quality of democracy in the region by strengthening local and incipient civil society. The agency supports grantees' efforts to participate in civic life, constructively engage local officials, defend human rights, promote transparency and inclusion, and hold their governments accountable to the democratic process.
- **Preparing IAF grantees to do business with U.S. and other international markets.** The IAF helps scale the capabilities of small businesses and social enterprises to access new markets, export goods and services, and do business with the United States. For example, with start-up funding from the IAF, the El Ceibo chocolate company (Bolivia) now sells its products in U.S. supermarkets, and the Cosurca Coffee Cooperative (Colombia) exports to the United States and Europe.
- **Fostering women's role in economic growth and security.** The IAF's \$102.3 million Women INvesting in Growth and Security (WINGS) initiative complements other U.S. government efforts, including the National Strategy on Gender Equity and Equality, by investing directly in 161 innovative, community-led projects designed to spur women's economic and social success.

IAF FY 2021 AMR

- **Building self-reliance and increasing local ownership of development.** In addition to the capacity building inherent in the IAF development model, the agency invests in developing community foundations in the region, enabling them to drive more local and private resources towards community-led development without reliance on U.S. assistance. For example, the IAF's joint investment of \$2.67 million in Mexican community foundations with the Charles Stewart Mott Foundation has mobilized an additional \$16.95 million—90 percent Mexican in origin—benefiting 314 grassroots organizations serving more than 70,000 people.
- **Facilitating private-sector input into development.** The IAF is expanding its network of private-sector partners to scale its reach and impact. For example, the IAF partnered with nonprofit trade association Fine Chocolate Industry Association in Fiscal Year 2021 to provide technical education and marketing opportunities to small-scale cocoa farmers in Latin America and the Caribbean.

The IAF Complements Other U.S. Government Development Efforts

The IAF's broad networks, direct connection to civil society, deep knowledge of local contexts, and specialized expertise directly complement other U.S. development efforts by:

- **Strengthening U.S. development efforts at the community level.** The IAF focuses on strengthening incipient local organizations (civil society organizations, grassroots groups, and social enterprises) that are often too small, underdeveloped, or remote to access or absorb funding from larger agencies and donors. IAF support helps build a pipeline of grassroots and civil society groups that are better positioned to eventually partner with other U.S. and international funders—public and private.
- **Creating direct access to civil society without intermediaries.** The IAF's relationship with partner organizations is direct, fluid, and dynamic throughout the period of the grant and beyond. This high-touch, responsive approach provides oversight that promotes efficiency and increases grantees' chances of success. No IAF funds go to intermediaries, implementers, or government entities.
- **Maintaining U.S. presence.** The IAF's direct relationship with civil society organizations has allowed the U.S. government to maintain development presence in countries even when activities of larger agencies are constrained.
- **Acting with flexibility and agility.** The IAF practices adaptive management, which enables it to respond to changing conditions on the ground, capitalize on new or emerging opportunities, or quickly close projects that are not having the desired impact. For example, in response to the **humanitarian crisis in Venezuela**, the IAF began working with grassroots partners in high-migrant-receiving communities in Colombia, Brazil, Ecuador, and Peru in Fiscal Year 2019 to facilitate the integration of displaced Venezuelan migrants and refugees through job training, psychosocial support, microfinance, and more. Since 2019, the initiative has invested and mobilized more than \$11.7 million and expanded to Argentina, Chile, Costa Rica, Trinidad and Tobago, and Uruguay.

IAF FY 2021 AMR

- **Focusing on the inclusion of underserved communities.** The IAF prioritizes including the region's most disadvantaged citizens—including indigenous peoples, African descendants, women, and youth, among others—in their countries' economic and civic life. For two-thirds of its grantees, the IAF is the first U.S. government agency to fund their work, according to a 2020 survey by the Center for Effective Philanthropy.

The IAF Provides a Cost-Effective Approach

The IAF continues to be a responsible steward of U.S. taxpayers' dollars, delivering development assistance that is smart and highly cost-effective by:

- **Leveraging matching funds from grantees.** The IAF is unique in that it requires counterpart investment by its grantees, who in turn leverage resources from local private sector, government, and philanthropic organizations. Over the last five years, grantees committed \$1.23 for each dollar invested by the IAF, multiplying the IAF's impact and ensuring community ownership.
- **Keeping costs low.** The IAF maintains low overhead costs—just 7.6 percent—by requiring counterpart investment from grantees and outsourcing many administrative and technical functions. Just 49 staff manage a portfolio of 392 active, multi-year grants in 27 countries.
- **Scaling reach via public-private partnerships.** The IAF actively collaborates with the private sector—corporate and philanthropic—in joint funding initiatives. For example, Danone Argentina and the Danone Ecosystem Fund are contributing \$1.70 for every dollar the IAF invests to jointly promote economic activity in 35 cities in Argentina. The partnership supports 4,500 underserved people who collect and sell recyclable materials and 40 recycling organizations in establishing effective and efficient recycling systems and improving recyclers' incomes and working conditions.
- **Ensuring accountability and results.** The IAF holds grantees accountable for using U.S. public funds responsibly and for successfully implementing their grants through robust oversight, regular audits, independent data verification, and progress reporting. The agency requires grantees to track and report their progress, lessons learned, and results every six months during the life of the grant.

FY 2021 ACCOMPLISHMENTS

The IAF's relatively small-dollar investments create transformative impacts in the communities the agency reaches. Communities with greater prosperity, social capital, and capacity to organize themselves are more resilient and less vulnerable to crime, violence, extreme poverty, irregular migration, economic downturns, food insecurity, natural disasters, undemocratic governance, and other challenges. By thoughtfully deploying a staff of just 49 specialized professionals, the IAF provides a cost-effective tool to advance the U.S. government's interests in Latin America and the Caribbean.

IAF FY 2021 AMR

In FY 2021, the IAF awarded \$30.3 million—the highest funding level in its history—to grassroots and local civil society organizations in 27 countries in Latin America and the Caribbean. Counterpart resources committed by grantees in FY 2021 totaled \$46.7 million. FY 2021 investments advanced:

- Sustainable Agriculture and Food Security
- Enterprise Development and Job Skills
- Civic Engagement and Human Rights
- Natural Resource Management
- Leadership
- Organizational Development
- Culture and Development
- Community Asset Mobilization

With their IAF grants, grantee organizations active in FY 2021 have:

- Supported more than 5,352 small businesses or enterprises with training or technical assistance
- Benefited 3.5 million community members (direct and indirect beneficiaries).
- Trained nearly 282,483 individuals in new leadership and technical skills.

In FY 2021 the IAF also:

- Contributed approximately \$11.7 million to implementing the U.S. Strategy for Addressing the **Root Causes of Migration** in Central America by investing in grants to improve economic opportunities, food security, resilience to natural disasters and natural resource depletion, transparent democratic governance, and safety across that region.
- Invested \$12 million in new **food security** funding in the face of food scarcity, high unemployment, and disruption of market access and supply chains due to the COVID-19 pandemic and the November 2020 hurricanes.
- Built **Haitian resilience** to environmental and governance shocks by increasing funding by 16 percent. The IAF also responded to the August 2021 earthquake by investing or reallocating \$165,000 to grantees providing humanitarian aid; mobilizing its network of local organizations to provide immediate food relief, shelter, and medical care; and reaching out to potential partners to match funds.
- Invested \$1.2 million in a joint initiative with the United States Agency for International Development (USAID), **Building Community Resilience in the Eastern & Southern Caribbean**, supporting community-led disaster preparedness.
- Expanded the initiative to respond to the **Venezuela migration and refugee crisis** by approximately \$1.2 million and into two new countries—Costa Rica, and Uruguay—and continued facilitating learning among IAF grantees in all nine countries. The initiative promotes economic and social inclusion in communities impacted by large numbers of displaced Venezuelans.
- Invested and mobilized a total of \$74.3 million to **strengthen civil society** organizations and improve communities' capacity for constructive **civic engagement** in democratic and development processes.
- Addressed **gender-based violence** and other forms of chronic violence. In 2021, the IAF mapped the types of violence IAF grantees experience, with three-quarters of

IAF FY 2021 AMR

grantees operating in environments characterized by some form of violence. More than half of IAF grantees engage in activities to counter violence, including training participants in interpersonal conflict management, gender-based violence prevention, and providing psychosocial support.

- Fostered a **peacebuilding community of practice in Colombia** that encompasses 28 local partners working across 30 of Colombia's 32 departments. Members exchange peacebuilding practices and strategies, including communications, citizen oversight against corruption, psychosocial support, safety and protection for social leaders, and documentation and analysis of peacebuilding initiatives.
- Advanced **women's economic empowerment** via an additional \$14.5 million investment in its Women INvesting in Growth and Security (WINGS) portfolio of grants, bringing the total value of active WINGS grants to \$102.3 million. The WINGS portfolio now encompasses seed funding for 161 locally designed and implemented projects in 26 countries that increase women's opportunities for civic engagement; provide greater access to finance; and generate leadership, business, and management training opportunities.
- Formalized several **strategic partnerships**, including with Laudes Foundation and the Fine Chocolate Industry Association, to leverage more funds for grassroots development and enhance the scale, reach, and visibility of IAF efforts. The IAF has also been recruiting partners to form a Partnership for Disaster Recovery and Resilience in response to hurricanes Eta and Iota that will be formally launching with multiple partners in FY 2022.
- Hosted an **innovation competition for small businesses and initiatives** to spur COVID-19 recovery, the InnovAction Challenge, in partnership with nonprofit organization Young Americas Business Trust and the Summits of the Americas Secretariat. The collaboration resulted in their most inclusive competition to date, stimulating proposals from 1,300 young entrepreneurs from 32 countries.
- Continued to refine **virtual procedures** for project monitoring, grantmaking, and peer learning that support grantees' short and long-term needs, minimize administrative costs, and maintain robust oversight.

Section II: Financial Section

ANNUAL ASSURANCE STATEMENT

IAF management is responsible for establishing and maintaining effective internal controls and financial management systems that meet the objectives of the Federal Managers' Financial Integrity Act (FMFIA). The IAF uses the Oracle Federal Financial System hosted by the Administrative Resource Center (ARC) within the Department of the Treasury's Bureau of the Fiscal Service.

Therefore, the agency's assertion of assurance is operating in accordance with the procedures and standards of the administrative controls within the IAF as well as the Statement on Standards for Attestation Engagements (SSAE) 18 Report on ARC/FS Oracle Federal Financial System and related complementary controls in place at ARC.

IAF management is additionally responsible for establishing and maintaining effective internal controls over financial reporting, which includes the safeguarding of assets and compliance with all applicable laws and regulations. The IAF assesses the effectiveness of its own internal controls and relies on the Treasury Fiscal Service's internal assessment of its internal controls at ARC. Based on the results of the IAF's own internal assessments and its review of its service provider assessment results, the IAF provides unmodified assurance that internal controls over financial reporting as of September 30, 2021 are operating effectively; no material weaknesses have been found in the design or operation of the internal controls over financial reporting.



Lesley Duncan
Interim President and CEO
Inter-American Foundation
November 15, 2021

FINANCIAL STATEMENTS

INTER-AMERICAN FOUNDATION STATEMENT OF FINANCIAL POSITION AS OF SEPTEMBER 30, 2021 AND 2020 (In Dollars)

	2021	2020
Assets:		
Intragovernmental		
Fund Balance With Treasury (Note 2)	\$ 59,154,542	\$ 58,486,198
Total Intragovernmental	59,154,542	58,486,198
With the Public		
Accounts Receivable, Net (Note 3)	177	-
Advances to Grantees (Note 4)	4,541,698	2,431,262
Investments, Net (Note 5)	1,413,706	1,564,792
Total With the Public	5,955,581	3,996,054
Total Assets	\$ 65,110,123	\$ 62,482,252
Liabilities:		
Intragovernmental		
Accounts Payable	\$ 137,026	\$ 54,976
Other Liabilities (Note 7)	93,978	76,869
Total Intragovernmental	231,004	131,845
With the Public		
Accounts Payable	673,101	433,686
Federal Employee and Veteran Benefits Payable	537,543	667,258
Other Liabilities (Note 7)	328,135	366,659
Total With the Public	1,538,779	1,467,603
Total Liabilities (Note 6)	\$ 1,769,783	\$ 1,599,448
Net Position:		
Unexpended Appropriations - Funds from Other than Dedicated Collections	\$ 50,611,645	\$ 48,093,280
Total Unexpended Appropriations	50,611,645	48,093,280
Cumulative Results of Operations - Funds from Dedicated Collections (Note 10)	11,879,385	11,994,579
Cumulative Results of Operations - Funds from Other than Dedicated Collections	849,310	794,945
Total Cumulative Results of Operations	12,728,695	12,789,524
Total Net Position	63,340,340	60,882,804
Total Liabilities and Net Position	\$ 65,110,123	\$ 62,482,252

INTER-AMERICAN FOUNDATION
STATEMENT OF OPERATIONS AND CHANGES IN NET POSITION
FOR THE YEARS ENDED SEPTEMBER 30, 2021 AND 2020
(In Dollars)

	2021	2020
Revenue		
Appropriations Used	\$ 35,341,510	\$ 31,937,758
Other Revenue	354,212	-
Imputed Financing (Note 11)	411,159	350,376
Revenue from Other	49	-
Donations (Note 13)	135,675	176,204
Total Revenue	\$ 36,242,605	\$ 32,464,338
Expenses		
Grant Program	\$ 36,303,434	\$ 31,147,766
Total Expenses	\$ 36,303,434	\$ 31,147,766
Net Revenue (Loss)	\$ (60,829)	\$ 1,316,572
Net Position		
Net of Revenue (Loss)	\$ (60,829)	\$ 1,316,572
Increase in Unexpended Appropriations, Net	2,518,365	15,476,718
Increase in Net Position, Net	2,457,536	16,793,290
Net Position, Beginning Balance	60,882,804	44,089,514
Net Position, Ending Balance	\$ 63,340,340	\$ 60,882,804

**INTER-AMERICAN FOUNDATION
STATEMENT OF CASH FLOW
FOR THE YEARS ENDED SEPTEMBER 30, 2021 AND 2020
(In Dollars)**

	2021	2020
Cash Flows From Operating Activities:		
Net Revenue (Loss)	\$ (60,829)	\$ 1,316,572
Adjustments Affecting Cash Flow:		
Decrease/(Increase) in Other Assets	(2,110,436)	(1,176,824)
Unrealized (Gain)/Loss in Investments	165,152	-
Decrease/(Increase) in Accounts Receivable	(177)	196
Increase/(Decrease) in Accounts Payable and Other Liabilities	170,335	(28,628)
Total Adjustments	(1,775,126)	(1,205,256)
Net Cash Provided/(Used) by Operating Activities	\$ (1,835,955)	\$ 111,316
Cash Flows From Investing Activities:		
Purchase of Shares	\$ (14,066)	\$ (1,564,792)
Net Cash Provided/(Used) by Investing Activities	\$ (14,066)	\$ (1,564,792)
Cash Flows From Financing Activities:		
Appropriations Received, Net	\$ 2,658,490	\$ 5,562,242
Appropriations Transferred In/Out	-	10,000,000
Rescissions and Cancellations	(140,125)	(85,524)
Net Cash Provided by Financing Activities	\$ 2,518,365	\$ 15,476,718
Net Increase/(Decrease) in Fund Balance with Treasury	\$ 668,344	\$ 14,023,242
Fund Balance with Treasury, Beginning	58,486,198	44,462,956
Fund Balance with Treasury, Ending (Note 2)	\$ 59,154,542	\$ 58,486,198

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Inter-American Foundation (IAF), a U.S. government corporation, was established pursuant to part IV of the Foreign Assistance Act of 1969 (22 U.S.C. 290f (a)). The IAF provides grants and other technical assistance to support the initiatives of non-governmental and community-based organizations in Latin America and the Caribbean to implement their economic development and poverty reduction projects.

The management of the IAF is vested in a nine-person Board of Directors appointed by the President of the United States. Six Board members are drawn from the private sector and three from officers or employees of agencies of the U.S. Government concerned with Inter-American activities. The Board appoints the IAF's president who acts as the Chief Executive Officer.

Congress enacts appropriations to permit the IAF to incur obligations for authorized purposes. In Fiscal Years 2021 and 2020, the IAF was accountable for the Social Progress Trust Fund (SPTF), Gift Fund, and General Fund appropriations. The IAF recognizes budgetary resources as assets when cash (funds held by the U.S. Treasury) is made available through the Department of Treasury General Fund.

B. Basis of Presentation

The financial statements have been prepared to report the financial position and results of operations of the IAF. The **Statement of Financial Position** presents the assets, liabilities, and net position of the agency. The **Statement of Operations and Changes In Net Position** presents the agency's operating results and displays the changes in the agency's equity accounts. The **Statement of Cash Flows** presents how changes in the agency's financial position and results affected its cash (Fund Balance with Treasury) and presents analysis of operating and financing activities.

The statements are a requirement of the Chief Financial Officers Act of 1990, the Government Management Reform Act of 1994, and the Accountability of Tax Dollars Act of 2002. They have been prepared from, and are fully supported by, the books and records of the IAF in accordance with the hierarchy of accounting principles generally accepted in the United States of America, standards issued by the Federal Accounting Standards Advisory Board (FASAB), Office of Management and Budget (OMB) Circular A-136, *Financial Reporting Requirements*, as amended, and the IAF accounting policies which are summarized in this note. These statements are different from financial management reports, which are also prepared pursuant to OMB directives that are used to monitor and control the IAF's use of budgetary resources. The financial statements and associated notes are presented on a comparative basis. Unless specified otherwise, all amounts are presented in dollars.

IAF FY 2021 AMR

C. Basis of Accounting

Transactions are recorded on both an accrual accounting basis and a budgetary basis. Under the accrual method, revenues are recognized when earned, and expenses are recognized when a liability is incurred, without regard to receipt or payment of cash. Budgetary accounting facilitates compliance with legal requirements on the use of Federal funds.

D. Revenues & Other Financing Sources

The IAF's development program is funded by appropriations from the budget of the United States, an agreement with the Inter-American Development Bank (IDB) covering the SPTF, and donations from the private sector. No-year appropriations remain available until expended, while multi-year appropriations are available for the period prescribed by the applicable statute. Appropriations are used, within statutory limits, for programmatic, operating, and capital expenditures for essential personal property. Appropriations are recognized as a financing source when expended. Appropriations expended for capitalized property and equipment are recognized as expenses when an asset is consumed in operations.

Congress enacts annual, multi-year, and no-year appropriations to be used, within statutory limits, for operating, capital, and grant expenditures. Additional amounts are obtained from service fees and reimbursements from other government entities and the public.

The IAF recognizes as an imputed financing source the amount of accrued pension and post-retirement benefit expenses for current employees paid on its behalf by the Office of Personnel Management (OPM).

E. Fund Balance with Treasury

Fund Balance with Treasury (FBWT) is an asset of a reporting entity and a liability of the General Fund. FBWT is the aggregate amount of the IAF's appropriated funds, gift funds, and SPTF collections that are available to pay agency liabilities and finance authorized purchases, commitments, and SPTF grants.

The IAF does not maintain bank accounts of its own, has no disbursing authority, and does not maintain cash held outside of the Treasury. When the reporting entity seeks to use FBWT to liquidate budgetary obligations, Treasury will finance the disbursements in the same way it finances all other disbursements, which is to borrow from the public if there is a budget deficit (and to use current receipts if there is a budget surplus). Treasury disburses funds for IAF on demand. Foreign currency payments are made by the Treasury and are reported by the IAF in the U.S. dollar equivalents.

F. Investments

Investments is the aggregate value of IAF's investments valued at the time of the Financial Statements.

The IAF authorizing statute gives the IAF the authority to invest in securities in organizations that advance the IAF's mission and to retain dividends and proceeds from such securities to be used for other authorized IAF obligations 22 U.S.C. §290f(c) and (e).

IAF FY 2021 AMR

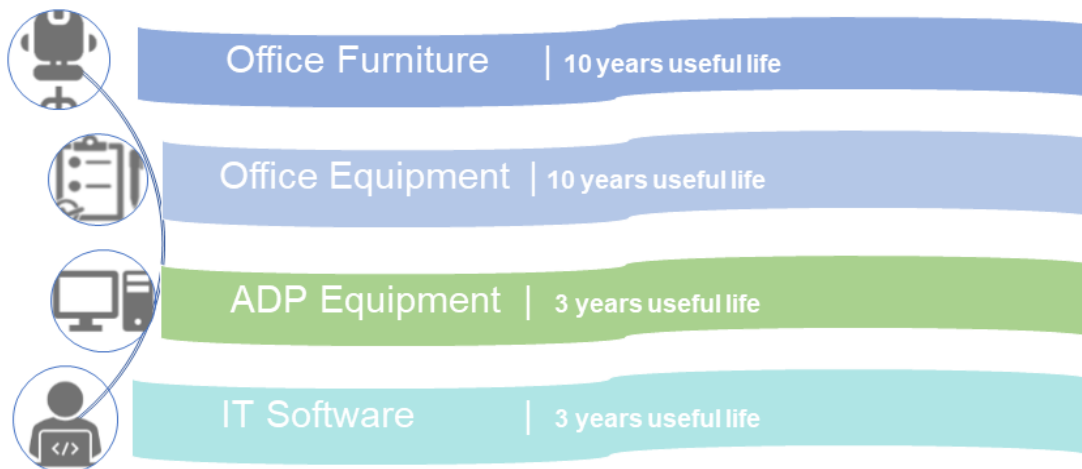
They are classified as investment securities and carried at cost, including adjustments in valuation in accordance with the type of security and terms of the investment.

G. Accounts Receivable

Accounts receivable may consist of amounts owed to the IAF by other Federal agencies and the general public. Amounts due from Federal agencies are considered fully collectible. Accounts receivable from the public include reimbursements from employees. An allowance for uncollectible accounts receivable from the public is established when, based upon a review of outstanding accounts and the failure of all collection efforts, management determines that collection is unlikely to occur considering the debtor's ability to pay.

H. Property, Equipment, and Software

Property, equipment, and software represent furniture, fixtures, equipment, and information technology hardware and software which are recorded at original acquisition cost and are depreciated or amortized using the straight-line method over their estimated useful lives. Major alterations and renovations are capitalized, while maintenance and repair costs are expensed as incurred. The IAF's capitalization threshold is \$50,000 for individual purchases and \$500,000 for bulk purchases. Property, equipment, and software acquisitions that do not meet the capitalization criteria are expensed upon receipt. Applicable standard governmental guidelines regulate the disposal and convertibility of agency property, equipment, and software. The useful life classifications for capitalized assets are as follows:



I. Advances and Prepaid Charges

Advance payments are generally prohibited by law. There are some exceptions, such as reimbursable agreements, subscriptions, and payments to contractors and employees. Payments made in advance of the receipt of goods and services are recorded as advances or prepaid charges at the time of prepayment and recognized as expenses when the related goods and services are received.

J. Liabilities

Liabilities represent the amount of funds likely to be paid by the IAF as a result of transactions or events that have already occurred. The IAF reports its liabilities under two categories, Intragovernmental and With the Public. Intragovernmental liabilities represent funds owed to another government agency. Liabilities with the Public represents funds owed to any entity or person that is not a federal agency, including private sector firms and federal employees. Each of these categories may include liabilities that are covered by budgetary resources and liabilities not covered by budgetary resources.

Liabilities covered by budgetary resources are liabilities funded by a current appropriation or other funding source. These consist of accounts payable and accrued payroll and benefits. Accounts payable represent amounts owed to another entity for goods ordered and received and for services rendered except for employees. Accrued payroll and benefits represent payroll costs earned by employees during the fiscal year which are not paid until the next fiscal year.

Liabilities not covered by budgetary resources are liabilities that are not funded by any current appropriation or other funding source. These liabilities consist of accrued annual leave, deferred rent, and actuarial Federal Employees' Compensation Act (FECA). Deferred rent is the difference at year-end between the sum of monthly cash disbursements paid to date for rent and the sum of the average monthly rent calculated based on the term of the lease.

K. Annual, Sick, and Other Leave

Annual leave is accrued as it is earned, and the accrual is reduced as leave is taken. The balance in the accrued leave account is adjusted to reflect current pay rates. Liabilities associated with other types of vested leave, including compensatory, restored leave, and sick leave in certain circumstances, are accrued at year-end, based on latest pay rates and unused hours of leave. Funding will be obtained from future financing sources to the extent that current or prior year appropriations are not available to fund annual and other types of vested leave earned but not taken. Nonvested leave is expensed when used. Any liability for sick leave that is accrued but not taken by a Civil Service Retirement System (CSRS)-covered employee is transferred to OPM upon the retirement of that individual. Credit is given for sick leave balances in the computation of annuities upon the retirement of Federal Employees Retirement System (FERS)-covered employees.

L. Accrued and Actuarial Workers' Compensation

The Federal Employees' Compensation Act (FECA) administered by the U.S. Department of Labor (DOL) addresses all claims brought by the IAF employees for on-the-job injuries. The DOL bills each agency annually as its claims are paid, but payment of these bills is deferred for two years to allow for funding through the budget process. Similarly, employees that the IAF terminates without cause may receive unemployment compensation benefits under the unemployment insurance program also administered by the DOL, which bills each agency quarterly for paid claims. Future appropriations will be used for the reimbursement to DOL.

IAF FY 2021 AMR

The liability consists of (1) the net present value of estimated future payments calculated by the DOL and (2) the unreimbursed cost paid by DOL for compensation to recipients under the FECA.

M. Retirement Plans

The IAF employees participate in either the CSRS or the FERS. The employees who participate in CSRS are beneficiaries of the IAF matching contribution, equal to seven percent of pay, distributed to their annuity account in the Civil Service Retirement and Disability Fund.

Prior to December 31, 1983, all employees were covered under the CSRS program. From January 1, 1984 through December 31, 1986, employees had the option of remaining under CSRS or joining FERS and Social Security. Employees hired as of January 1, 1987 are automatically covered by the FERS program. Both CSRS and FERS employees may participate in the federal Thrift Savings Plan (TSP). FERS employees receive an automatic agency contribution equal to one percent of pay and the IAF matches any employee contribution up to an additional four percent of pay. For FERS participants, the IAF also contributes the employer's matching share of Social Security.

FERS employees and certain CSRS reinstatement employees are eligible to participate in the Social Security program after retirement. In these instances, the IAF remits the employer's share of the required contribution.

The IAF recognizes the imputed cost of pension and other retirement benefits during the employees' active years of service. OPM actuaries determine pension cost factors by calculating the value of pension benefits expected to be paid in the future and communicate these factors to the IAF for current period expense reporting. OPM also provides information regarding the full cost of health and life insurance benefits. The IAF recognized the offsetting revenue as imputed financing sources to the extent these expenses will be paid by OPM.

The IAF does not report on its financial statements information pertaining to the retirement plans covering its employees. Reporting amounts such as plan assets, accumulated plan benefits, and related unfunded liabilities, if any, is the responsibility of OPM, as the administrator.

N. Other Post-Employment Benefits

IAF employees eligible to participate in the Federal Employees' Health Benefits Plan (FEHBP) and the Federal Employees' Group Life Insurance Program (FEGlIP) may continue to participate in these programs after their retirement. OPM has provided the IAF with certain cost factors that estimate the true cost of providing the post-retirement benefit to current employees. The IAF recognizes a current cost for these and Other Retirement Benefits (ORB) at the time the employee's services are rendered. The ORB expense is financed by OPM, and offset by the IAF through the recognition of an imputed financing source.

IAF FY 2021 AMR

O. Grant Disbursements and Administrative Expenses

Grant disbursements include payments in advance of performance under contractual obligations. Evidence of performance is determined by review of periodic expenditure reports. IAF expenditures for grants over \$50,000 are independently verified using the IAF's audit guidelines. IAF administrative expenses are funded solely by appropriated funds.

In compliance with alternative methodology allowed by FASAB Technical Release 12 Accrual Estimates for Grant Programs, the estimates are calculated by multiplying the grants disbursed during the quarter by a calculated percentage based on month of disbursement. The estimates for the three-month period are then aggregated to be accounted for as grant advances in the Balance Sheet.

P. Use of Estimates

The preparation of the accompanying financial statements in accordance with generally accepted accounting principles requires management to make certain estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, and expenses. Actual results could differ from those estimates.

Q. Classified Activities

Accounting standards require all reporting entities to disclose that accounting standards allow certain presentations and disclosures to be modified, if needed, to prevent the disclosure of classified information.

NOTE 2. FUND BALANCE WITH TREASURY

Fund Balance with Treasury account balances as of September 30, 2021 and 2020 were as follows:

	2021	2020
Status of Fund Balance with Treasury:		
Unobligated Balance		
Available	\$ 2,998,123	\$ 9,590,535
Unavailable	9,895,529	9,793,694
Obligated Balance Not Yet Disbursed	46,260,890	39,101,969
Total	\$ 59,154,542	58,486,198

No discrepancies exist between the Fund Balance reflected on the Statement of Financial Position No discrepancies exist between the Fund Balance reflected on the Statement of Financial Position and the balances in the Treasury accounts.

The available unobligated fund balances represent the current-period amount available for obligation or commitment. At the start of the next fiscal year, the expired portion of this amount will become part of the unavailable balance as described in the following paragraph.

The unavailable unobligated fund balances represent the amount of appropriations for which the period of availability for obligation has expired. These balances are available for upward adjustments of obligations incurred only during the period for which the appropriation was available for obligation or for paying claims attributable to the appropriations.

The obligated balance not yet disbursed includes accounts payable, accrued expenses, and undelivered orders that have reduced unexpended appropriations but have not yet decreased the fund balance on hand (See also Note 11).

IAF FY 2021 AMR

NOTE 3. ACCOUNTS RECEIVABLE, NET

Accounts receivable balances as of September 30, 2021 and 2020 were as follows:

	2021	2020
With the Public		
Accounts Receivable	\$ 177	\$ -
Total Public Accounts Receivable	\$ 177	\$ -
Total Accounts Receivable	\$ 177	\$ -

The accounts receivable is primarily made up of employee receivables in 2021.

Historical experience has indicated that the majority of the receivables are collectible. There are no material uncollectible accounts as of September 30, 2021 and 2020.

NOTE 4. ADVANCES TO GRANTEEES

Other assets account balances as of September 30, 2021 and 2020 were as follows:

	2021	2020
With the Public		
Grants Advances	4,541,698	\$ 2,431,262
Total Other Assets	\$ 4,541,698	\$ 2,431,262

NOTE 5. INVESTMENTS

Investments balances as of September 30, 2021 consist of the following:

	Cost/ Acquisition Value	Interest Receivable	Net Investments	Unrealized Gain/(Loss)	Market/ Fair Value
Other Securities and Investments:					
Original Shares	1,564,791	-	1,564,791	(165,035)	1,399,756
Reinvested Dividends	14,067	-	14,067	(118)	13,950
Total Other Securities and Investments	\$ 1,578,858	\$ -	\$ 1,578,858	\$ (165,153)	\$ 1,413,706

IAF FY 2021 AMR

Investments balances as of September 30, 2020 consist of the following:

	Cost/ Acquisition Value	Interest Receivable	Net Investments	Unrealized Gain/(Loss)	Market/ Fair Value
Other Securities and Investments:					
Original Shares	1,564,791	-	1,564,791		1,564,791
Total Other Securities and Investments	\$ 1,564,791	\$ -	\$ 1,564,791	\$ -	\$ 1,564,791

IAF investments are recorded as of the date of acquisition to be adjusted annually on the last calendar day of the fiscal year as a function of number of shares and value per share, and if held in a foreign currency, the current USD (\$) exchange rate as determined by the most current Treasury Reporting Rates of Exchange. Should the number of shares change at any point during the year, at the end of that quarter, the agency will recalculate and record the new investment value.

The IAF's current investment portfolio consists of non-Federal securities owned by the IAF and held in a foreign currency consistent with the terms of the IAF's subscription agreement with the investee.

NOTE 6. LIABILITIES NOT COVERED BY BUDGETARY RESOURCES

The liabilities for the IAF as of September 30, 2021 and 2020 include liabilities not covered by budgetary resources. Congressional action is needed before budgetary resources can be provided. Although future appropriations to fund these liabilities are likely and anticipated, it is not certain that appropriations will be enacted to fund these liabilities.

	2021	2020
Intragovernmental – FECA	\$ -	\$ 893
Unfunded Leave	519,472	539,612
Actuarial FECA	4,046	115,989
Deferred Lease Liabilities	37,785	113,353
Total Liabilities Not Covered by Budgetary Resources	\$ 561,303	\$ 769,847
Total Liabilities Covered by Budgetary Resources	1,208,480	829,601
Total Liabilities	\$ 1,769,783	\$ 1,599,448

The FECA liability represents the unfunded liability for actual workers compensation claims and unemployment benefits paid on the IAF's behalf and payable to the DOL. The IAF also records an actuarial liability for future workers compensation claims based on the liability

IAF FY 2021 AMR

to benefits paid (LBP) ratio provided by DOL and multiplied by the average of benefits paid over three years.

Unfunded leave represents a liability for earned leave and is reduced when leave is taken. The balance in the accrued annual leave account is reviewed quarterly and adjusted as needed to accurately reflect the liability at current pay rates and leave balances. Accrued annual leave is paid from future funding sources and, accordingly, is reflected as a liability not covered by budgetary resources. Sick and other leave is expensed as taken.

The deferred lease liability amount represents the difference at year end between the sum of monthly cash disbursements paid to date for base rent and the sum of the average monthly rent calculated based on the term of the lease. This resulted from a new lease agreement entered into that had rent abatement provisions.

NOTE 7. OTHER LIABILITIES

Other liabilities account balances as of September 30, 2021 were as follows:

	Current	Non Current	Total
Intragovernmental			
Employer Contributions and Payroll Taxes Payable (without reciprocals)	\$ 21,670	\$ -	\$ 21,670
Employer Contributions and Payroll Taxes Payable	72,308	-	72,308
Total Intragovernmental Other Liabilities	\$ 93,978	\$ -	\$ 93,978
With the Public			
Accrued Funded Payroll and Leave	\$ 290,350	\$ -	\$ 290,350
Other Liabilities w/o Related Budgetary Obligations	37,785	-	37,785
Total Public Other Liabilities	\$ 328,135	\$ -	\$ 328,135
Total Other Liabilities	\$ 422,113	\$ -	\$ 422,113

Other liabilities account balances as of September 30, 2020 were as follows:

	Current	Non Current	Total
Intragovernmental			
Employer Contributions and Payroll Taxes Payable (without reciprocals)	\$ 18,039	\$ -	\$ 18,039
Employer Contributions and Payroll Taxes Payable	57,938	-	57,938
Unfunded FECA Liability	892	-	892
Total Intragovernmental Other Liabilities	\$ 76,869	\$ -	\$ 76,869
With the Public			
Accrued Funded Payroll and Leave	\$ 253,306	\$ -	\$ 253,306
Other Liabilities w/o Related Budgetary Obligations	75,569	37,784	113,353
Total Public Other Liabilities	\$ 328,875	\$ 37,784	\$ 366,659
Total Other Liabilities	\$ 405,744	\$ 37,784	\$ 443,528

IAF FY 2021 AMR

NOTE 8. LEASES

Operating Leases

The IAF occupies office space under a Non-Federal lease agreement that is accounted for as an operating lease. The total operating lease expenses as of September 30, 2021 and 2020 were \$665,544 and \$783,404 respectively. The lease term began on April 23, 2017 and expires on April 22, 2022, which includes deferred rent. Lease payments are increased annually based on the adjustments for operating cost and real estate tax escalations.

Below is a schedule of future payments for the term of the lease.

Fiscal Year	Asset Category		Totals	
	Building	Federal	Non-Federal	
2022	\$ 347,250	\$ 347,250	\$ -	-
Total Future Lease Payments	\$ 347,250	\$ 347,250	\$ -	-

The operating lease amount does not include estimated payments for leases with annual renewal options.

NOTE 9. COMMITMENTS AND CONTINGENCIES

In the course of the agency's grantmaking activities, the IAF has unliquidated grant obligations which, in the absence of violations or cancellations of the grant agreements, will require disbursements. Unliquidated grant obligations at September 30, 2021 and 2020 total approximately \$6,252,316 and \$11,596,407, respectively. There were no contingent liabilities as of September 30, 2021.

NOTE 10. FUNDS FROM DEDICATED COLLECTIONS

The IAF has dedicated collections that fall into the following categories: Social Progress Trust Fund (SPTF) and Gift Fund. Both funds are used to finance part of the IAF's grant program and remain available until funds are exhausted.

Transactions are recorded on an accrual accounting basis and a budgetary basis. Under the accrual method, revenues are recognized when earned and expenses are recognized when liabilities are incurred, without regard to receipt or payment of cash. Budgetary accounting measures the appropriations and consumption of budget authority and other budgetary resources and facilitates compliance with legal constraints and controls over use of Federal funds.

IAF FY 2021 AMR

Schedule of Dedicated Collections as of September 30, 2021:

	Social Progress Trust Fund	Gift Fund	Total Funds from Dedicated Collections (Consolidated)
Balance Sheet			
Intragovernmental			
Fund Balance with Treasury	\$ 11,390,363	\$ 488,522	\$ 11,878,885
Total Intragovernmental Assets	\$ 11,390,363	\$ 488,522	\$ 11,878,885
With the Public			
Other Assets	-	500	500
Total With the Public Assets	\$ -	\$ 500	\$ 500
Total Assets	\$ 11,390,363	\$ 489,022	\$ 11,879,385
Unexpended Appropriations	-	-	-
Cumulative Results of Operations	11,390,363	489,022	11,879,385
Total Liabilities and Net Position	\$ 11,390,363	\$ 489,022	\$ 11,879,385
Statement of Net Cost			
Gross Program Costs	\$ 224,005	\$ 26,864	\$ 250,869
Net Program Costs	\$ 224,005	\$ 26,864	\$ 250,869
Net Cost of Operations	\$ 224,005	\$ 26,864	\$ 250,869
Statement of Changes in Net Position			
Cumulative Results of Operations			
Beginning Balance	\$ 11,614,368	\$ 380,211	\$ 11,994,579
Donations and Forfeitures of Cash & Property	-	135,675	135,675
Net Cost of Operations	(224,005)	(26,864)	(250,869)
Net Change in Cumulative Results of Operations	(224,005)	108,811	(115,194)
Cumulative Results of Operations: Ending	\$ 11,390,363	\$ 489,022	\$ 11,879,385
Net Position, End of Period	\$ 11,390,363	\$ 489,022	\$ 11,879,385

Schedule of Dedicated Collections as of September 30, 2020:

IAF FY 2021 AMR

	Social Progress Trust Fund	Gift Fund	Total Funds from Dedicated Collections (Consolidated)
Balance Sheet			
Intragovernmental			
Fund Balance with Treasury	\$ 11,595,023	\$ 381,386	\$ 11,976,409
Total Intragovernmental Assets	\$ 11,595,023	\$ 381,386	\$ 11,976,409
With the Public			
Other Assets	19,345	(1,175)	18,170
Total With the Public Assets	\$ 19,345	\$ (1,175)	\$ 18,170
Total Assets	\$ 11,614,368	\$ 380,211	\$ 11,994,580
Cumulative Results of Operations	11,614,368	380,211	11,994,579
Total Liabilities and Net Position	\$ 11,614,368	\$ 380,211	\$ 11,994,579
Statement of Net Cost			
Gross Program Costs	\$ 285,150	\$ 269,021	\$ 554,171
Net Program Costs	\$ 285,150	\$ 269,021	\$ 554,171
Net Cost of Operations	\$ 285,150	\$ 269,021	\$ 554,171
Statement of Changes in Net Position			
Cumulative Results of Operations			
Beginning Balance	\$ 11,899,518	\$ 473,028	\$ 12,372,546
Donations and Forfeitures of Cash & Property	-	176,204	176,204
Net Cost of Operations	(285,150)	(269,021)	(554,171)
Net Change in Cumulative Results of Operations	(285,150)	(92,817)	(377,967)
Cumulative Results of Operations: Ending	\$ 11,614,368	\$ 380,211	\$ 11,994,579
Net Position, End of Period	\$ 11,614,368	\$ 380,211	\$ 11,994,579

NOTE 11. INTER-ENTITY COSTS

The IAF recognizes certain inter-entity costs for goods and services that are received from other federal entities at no cost or at a cost less than the full cost. Certain costs of the providing entity that are not fully reimbursed are recognized as imputed costs and are offset by imputed revenue. Such imputed costs and revenues relate to business-type activities (if applicable), employee benefits, and claims to be settled by the Treasury Judgment Fund. The IAF recognizes as inter-entity costs the amount of accrued pension and post-retirement benefit expenses for current employees.

The assets and liabilities associated with such benefits are the responsibility of the administering agency, OPM. For the periods ended September 30, 2021 and 2020, respectively, inter-entity costs were as follows:

	2021	2020
Office of Personnel Management	\$ 411,159	\$ 350,376
Total Imputed Financing Sources	\$ 411,159	\$ 350,376

IAF FY 2021 AMR

NOTE 12. UNDELIVERED ORDERS AT THE END OF THE PERIOD

As of September 30, 2021, budgetary resources obligated for undelivered orders were as follows:

	Federal	Non-Federal	Total
Paid Undelivered Orders	\$ -	\$ 4,541,698	\$ 4,541,698
Unpaid Undelivered Orders	222,708	45,555,508	45,778,216
Total Undelivered Orders	\$ 222,708	\$ 50,097,206	\$ 50,319,914

As of September 30, 2020, budgetary resources obligated for undelivered orders were as follows:

	Federal	Non-Federal	Total
Paid Undelivered Orders	\$ -	\$ 2,431,262	\$ 2,431,262
Unpaid Undelivered Orders	204,377	39,067,990	39,272,367
Total Undelivered Orders	\$ 204,377	\$ 41,499,252	\$ 41,703,629

NOTE 13. FINANCING SOURCES – SPTF AND GIFT FUNDS

The Reconciliation of Net Cost and Budget Outlays Note reconciles the financial Net Cost of Operations with the Statement of Budgetary Resources. The IAF reports SPTF funds obtained from the International Development Bank (IDB) as offsetting collections earned.

	2021	2020
SPTF Cumulative Results:		
SPTF Beginning Balance	\$ 11,614,368	\$ 11,899,518
SPTF Funds Received		-
Less: SPTF Funds Expended	(224,005)	(285,150)
SPTF Fund Carry Forward	\$ 11,390,363	\$ 11,614,368
Donations Cumulative Results:		
Donations Beginning Balance	\$ 380,211	\$ 473,028
Donations Received	135,675	176,204
Less: Donations Expended	(26,864)	(269,021)
Donations Carry Forward	\$ 489,021	\$ 380,211
Total SPTF and Donations	\$ 11,879,385	\$ 11,994,579

IAF FY 2021 AMR

NOTE 14. EXPLANATION OF DIFFERENCES BETWEEN THE SBR AND THE BUDGET OF THE U.S. GOVERNMENT

The President's Budget that will include Fiscal Year 2021 actual budgetary execution information has not yet been published. The President's Budget is scheduled for publication in February 2022 and can be found at the OMB website:

<http://www.whitehouse.gov/omb/>. The 2022 Budget of the United States Government, with the "Actual" column completed for 2020, has been reconciled to the Statement of Budgetary Resources and there were no material differences.

In Millions

	Budgetary Resources	New Obligations & Upward Adjustments (Total)	Net Outlays
Combined Statement of Budgetary Resources	\$ 64	\$ 45	\$ 33
Budget of the U.S. Government	\$ 64	\$ 45	\$ 33

NOTE 15. CUSTODIAL ACTIVITY

IAF's custodial collection in 2021 consisted of a grant refund. The collection came from cancelled funds (IAF3100DB1314XX), which are no longer available for use; therefore, the funds must be returned to the Treasury. While this collection is considered custodial, it is neither primary to the mission of the IAF nor material to the overall financial statements. The IAF's total custodial collections are \$32,291 and \$0 for the years ended September 30, 2021 and 2020, respectively.

NOTE 16. RECONCILIATION OF NET COST TO NET OUTLAYS

The reconciliation of net outlays, presented on a budgetary basis, and the net cost, presented on an accrual basis, provides an explanation of the relationship between budgetary and financial accounting information.

Reconciliation of Net Cost to Net Outlays as of September 30, 2021:

IAF FY 2021 AMR

BUDGET AND ACCRUAL RECONCILIATION FOR THE YEAR ENDED SEPTEMBER 30, 2021 (In Dollars)

	Intragovernmental	With the Public	Total
Net Operating Cost (SNC)	\$ 3,405,673	\$ 32,543,549	\$ 35,949,222
Components of net cost not part of the budgetary outlays			
Gains/Loses on all other investments	-	165,152	165,152
Increase/(Decrease) in Assets:			
Accounts receivable, net	-	177	177
Securities and investments	-	(151,085)	(151,085)
Other assets	-	2,110,437	2,110,437
(Increase)/Decrease in Liabilities:			
Accounts payable	(95,529)	(239,415)	(334,944)
Federal employee and veteran benefits payable	-	129,715	129,715
Other Liabilities	(3,632)	38,524	34,892
Financing Sources:			
Imputed Cost	(411,159)	-	(411,159)
Total Components of net operating cost not part of the budgetary outlays	\$ (510,320)	\$ 2,053,505	\$ 1,543,185
Components of the budget outlays that are not part of net operating cost			
Financing Sources:			
Donated Revenue	-	(135,675)	(135,675)
Total Components of the budget outlays that are not part of net operating cost	\$ -	\$ (135,675)	\$ (135,675)
Misc Items			
Distributed offsetting receipts (SBR 4200)	(135,675)	-	(135,675)
Custodial/Non-exchange revenue	32,291	(32,340)	(49)
Other Temporary Timing Differences	-	(165,152)	(165,152)
Appropriated Receipts for Trust/Special Funds	-	135,675	135,675
Total Other Reconciling Items	\$ (103,384)	\$ (61,817)	\$ (165,201)
Total Net Outlays (Calculated Total)	\$ 2,791,969	\$ 34,399,562	\$ 37,191,531
Budgetary Agency Outlays, net (SBR 4210)			
Budgetary Agency Outlays, net			37,191,531
Agency Outlays, Net (SBR 4210)			\$ 37,191,531

Reconciliation of Net Cost to Net Outlays as of September 30, 2020:

IAF FY 2021 AMR

BUDGET AND ACCRUAL RECONCILIATION FOR THE YEAR ENDED SEPTEMBER 30, 2020 (In Dollars)

	Intragovernmental	With the Public	Total
Net Operating Cost (SNC)	\$ 3,556,743	\$ 27,591,023	\$ 31,147,766
Components of net cost not part of the budgetary outlays			
Increase/(Decrease) in Assets:			
Accounts receivable, net	-	(196)	(196)
Securities and investments	-	1,564,791	1,564,791
Other assets	-	1,176,825	1,176,825
(Increase)/Decrease in Liabilities:			
Accounts payable	22,693	(45,237)	(22,544)
Federal employee and veteran benefits payable	-	29,498	29,498
Other Liabilities	(3,545)	25,220	21,675
Financing Sources:			
Imputed Cost	(350,376)	-	(350,376)
Total Components of net operating cost not part of the budgetary outlays	\$ (331,228)	\$ 2,750,901	\$ 2,419,673
Components of the budget outlays that are not part of net operating cost			
Financing Sources:			
Donated Revenue	-	(176,204)	(176,204)
Total Components of the budget outlays that are not part of net operating cost	\$ -	\$ (176,204)	\$ (176,204)
Misc Items			
Distributed offsetting receipts (SBR 4200)	(176,204)	-	(176,204)
Appropriated Receipts for Trust/Special Funds	-	176,204	176,204
Total Other Reconciling Items	\$ (176,204)	\$ 176,204	\$ -
Total Net Outlays (Calculated Total)	\$ 3,049,311	\$ 30,341,924	\$ 33,391,235
Budgetary Agency Outlays, net (SBR 4210)			
Budgetary Agency Outlays, net			33,391,235
Agency Outlays, Net (SBR 4210)			\$ 33,391,235

NOTE 17. POTENTIAL NONCOMPLIANCE MATTER

A management review is ongoing within the IAF, which may identify an ADA violation related to an oscillating negative cash balance for an interagency reimbursable account from December 2020 to April 2021. The Trading Partner agreement did not allow for cash advances, and reimbursements were not processed prior to month's end. After being notified by Treasury in April 2021 of the negative account cash balance, IAF management worked with the Bureau of the Fiscal Service/ARC to implement new processes to remedy. IAF will complete the investigation into the potential ADA violation(s) and report to the appropriate parties, if necessary. At this time the effect on the agency is undeterminable.

INDEPENDENT AUDITOR'S REPORT

OFFICE OF INSPECTOR GENERAL
U.S. Agency for International Development

**Audit of IAF's Financial
Statements for Fiscal Years
2021 and 2020**

Audit Report 0-IAF-22-008-C
November 15, 2021



Financial Audits Division



OFFICE OF INSPECTOR GENERAL U.S. Agency for International Development

MEMORANDUM

DATE: November 15, 2021

TO: Inter-American Foundation, Interim President and Chief Executive Officer, Lesley Duncan

FROM: Deputy Assistant Inspector General for Audit, Alvin Brown /s/

SUBJECT: Audit of IAF's Financial Statements for Fiscal Years 2021 and 2020 (0-IAF-22-008-C)

Enclosed is the final report on the audit of the Inter-American Foundation's (IAF's) financial statements for fiscal years 2021 and 2020. The Office of Inspector General (OIG) contracted with the independent certified public accounting firm of Williams, Adley & Company-DC LLP (Williams Adley) to conduct the audit. The contract required the audit firm to perform the audit in accordance with generally accepted government auditing standards and Office of Management and Budget Bulletin No. 21-04, "Audit Requirements for Federal Financial Statements."

In carrying out its oversight responsibilities, OIG reviewed the audit firm's report and related audit documentation and inquired of its representatives. Our review, which was different from an audit performed in accordance with generally accepted government auditing standards, was not intended to enable us to express, and we do not express, an opinion on the IAF's financial statements. The audit firm is responsible for the enclosed auditor's report and the conclusions expressed in it. We found no instances in which Williams Adley did not comply, in all material respects, with applicable standards.

The audit objectives were to: (1) express an opinion on whether the financial statements as of September 30, 2021 and 2020, were presented fairly, in all material respects; (2) evaluate IAF's internal controls over financial reporting; and (3) determine whether IAF complied with applicable laws, regulations, contracts, and grant agreements. To answer the audit objective, the audit firm assessed risk, considered internal controls, and designed audit procedures relevant to IAF's fair presentation of its fiscal years 2021 and 2020 financial statements.

The audit firm concluded that IAF's financial statements for the fiscal years ending September 30, 2021 and 2020, are presented fairly, in all material respects, in accordance with U.S. generally accepted accounting principles. The audit firm did not identify any material weaknesses or significant deficiencies in IAF's internal control over financial reporting. In addition, Williams Adley found no reportable noncompliance for fiscal year 2021 with provisions of applicable laws, regulations, contracts, and grant agreements.

We appreciate the assistance provided to our staff and the audit firm's employees during the engagement.



Independent Auditor's Report

Mr. Alvin Brown
Deputy Assistant Inspector General for Audit
Office of the Inspector General
U.S. Agency for International Development

Ms. Lesley Duncan
Interim President and Chief Executive Officer
Inter-American Foundation

In our audits of the fiscal years 2021 and 2020 financial statements of the Inter-American Foundation (IAF), we found:

- IAF's financial statements as of and for the fiscal years ended September 30, 2021 and 2020, are presented fairly, in all material respects, in accordance with U.S. generally accepted accounting principles;
- no material weaknesses in internal control over financial reporting based on the limited procedures we performed;¹ and
- no reportable noncompliance for fiscal year 2021 with provisions of applicable laws, regulations, contracts, and grant agreements we tested.

The following sections discuss in more detail (1) our report on the financial statements, which includes an emphasis of matter paragraph and an other matter paragraph on the other information²; included with the financial statements; (2) our report on internal control over financial reporting; and (3) our report on compliance with laws, regulations, contracts, and grant agreements.

Report on the Financial Statements

In accordance with the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; Government Corporation Control Act (GCCA) (Pub. L. No. 79-248, codified at 31 U.S.C. Chapter 91); and the Office of Management and Budget (OMB) Bulletin No. 21-04, *Audit Requirements for Federal Financial*

¹A material weakness is a deficiency, or combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis.

²Other information consists of the Executive Overview and the Annual Assurance Statement.

Statements, we have audited IAF's financial statements. IAF's financial statements comprise the statement of financial position as of September 30, 2021 and 2020; the related statements of operations and changes in net position, and cash flows for the fiscal years then ended; and the related notes to the financial statements.

We conducted our audits in accordance with auditing standards generally accepted in the U.S.; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Bulletin No. 21-04. We believe that the audit evidence we obtained is sufficient and appropriate to provide a basis for our audit opinion.

Management's Responsibility

IAF management is responsible for (1) the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles; (2) preparing and presenting other information included in documents containing the audited financial statements and auditor's report, and ensuring the consistency of that information with the audited financial statements; and (3) maintaining effective internal control over financial reporting, including the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. U.S. generally accepted auditing standards, U.S. generally accepted government auditing standards, and OMB Bulletin No. 21-04 require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. We are also responsible for applying certain limited procedures to other information included with the financial statements.

An audit of financial statements involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the auditor's assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit of financial statements also involves evaluating the appropriateness of the accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. Our audit also included performing such other procedures as we considered necessary in the circumstances.

Opinion on Financial Statements

In our opinion, IAF's financial statements present fairly, in all material respects, IAF's financial position as of September 30, 2021 and 2020 and its operations and changes in net position, and cash flows for the fiscal years then ended, in accordance with U.S. generally accepted accounting principles.

Emphasis of Matter

As discussed in Note 17 to the financial statements, IAF has an ongoing management review which has or may identify an ADA violation(s) related to an oscillating negative cash balance for an interagency reimbursable account. Our opinion is not modified with respect to this matter.

Other Matter

Other Information

IAF's other information contains a wide range of information, some of which is not directly related to the financial statements. This information is presented for purposes of additional analysis and is not a required part of the financial statements. We read the other information included with the financial statements in order to identify material inconsistencies, if any, with the audited financial statements. Our audit was conducted for the purpose of forming an opinion on IAF's financial statements. We did not audit and do not express an opinion or provide any assurance on the other information.

Report on Internal Control over Financial Reporting

In connection with our audit of the IAF's financial statements, we considered the IAF's internal control over financial reporting, consistent with our auditor's responsibility discussed below. We performed our procedures related to the IAF's internal control over financial reporting in accordance with U.S. generally accepted government auditing standards.

Management's Responsibility

IAF management is responsible for maintaining effective internal control over financial reporting, including the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

In planning and performing our audit of IAF's financial statements as of and for the year ended September 30, 2021, in accordance with U.S. generally accepted government auditing standards, we considered the IAF's internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the IAF's internal control over financial reporting. Accordingly, we do not express an opinion on the IAF's internal control over financial reporting. We are required to report all deficiencies that are considered to be significant deficiencies³ or material weaknesses. We did not consider all internal controls relevant to operating objectives, such as those controls relevant to preparing performance information and ensuring efficient operations.

³A significant deficiency is a deficiency, or a combination of deficiencies, in internal control over financial reporting that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Definition and Inherent Limitations of Internal Control over Financial Reporting

An entity's internal control over financial reporting is a process effected by those charged with governance, management, and other personnel, the objectives of which are to provide reasonable assurance that (1) transactions are properly recorded, processed, and summarized to permit the preparation of financial statements in accordance with U.S. generally accepted accounting principles, and assets are safeguarded against loss from unauthorized acquisition, use, or disposition, and (2) transactions are executed in accordance with provisions of applicable laws, including those governing the use of budget authority, regulations, contracts, and grant agreements, noncompliance with which could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent, or detect and correct, misstatements due to fraud or error.

Results of Our Consideration of Internal Control over Financial Reporting

Our consideration of internal control was for the limited purpose described above and was not designed to identify all deficiencies in internal control that might be material weaknesses and significant deficiencies or to express an opinion on the effectiveness of the IAF's internal control over financial reporting. Given these limitations, during our audit, we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Intended Purpose of Report on Internal Control over Financial Reporting

The purpose of this report is solely to describe the scope of our consideration of the IAF's internal control over financial reporting and the results of our procedures, and not to provide an opinion on the effectiveness of the IAF's internal control over financial reporting. This report is an integral part of an audit performed in accordance with U.S. generally accepted government auditing standards in considering internal control over financial reporting. Accordingly, this report on internal control over financial reporting is not suitable for any other purpose.

Report on Compliance with Laws, Regulations, Contracts, and Grant Agreements

In connection with our audit of IAF's financial statements, we tested compliance with selected provisions of applicable laws, regulations, contracts, and grant agreements consistent with our auditor's responsibility discussed below. We caution that noncompliance may occur and not be detected by these tests. We performed our tests of compliance in accordance with U.S. generally accepted government auditing standards.

Management's Responsibility

IAF management is responsible for complying with laws, regulations, contracts, and grant agreements applicable to IAF.

Auditor's Responsibility

Our responsibility is to test compliance with selected provisions of applicable laws, regulations, contracts, and grant agreements applicable to IAF that have a direct effect on the determination of material amounts and disclosures in IAF's financial statements and perform certain other limited procedures. Accordingly, we did not test compliance with all laws, regulations, contracts, and grant agreements applicable to IAF.

Results of Our Tests for Compliance with Laws, Regulations, Contracts, and Grant Agreements

Our tests for compliance with selected provisions of applicable laws, regulations, contracts, and grant agreements disclosed no instance of noncompliance for fiscal year 2021 that would be reportable under U.S. generally accepted government auditing standards. However, the objective of our tests was not to provide an opinion on compliance with laws, regulations, contracts, and grant agreements applicable to IAF. Accordingly, we do not express such an opinion.

During our 2021 audit, we identified a deficiency in IAF's internal control over compliance that we do not consider to be a material. Nonetheless, this deficiency warrants IAF management's attention. We have communicated this matter to IAF management in a separate letter.

Intended Purpose of Report on Compliance with Laws, Regulations, Contracts, and Grant Agreements

The purpose of this report is solely to describe the scope of our testing of compliance with selected provisions of applicable laws, regulations, contracts, and grant agreements, and the results of that testing, and not to provide an opinion on compliance. This report is an integral part of an audit performed in accordance with U.S. generally accepted government auditing standards in considering compliance. Accordingly, this report on compliance with laws, regulations, contracts, and grant agreements is not suitable for any other purpose.

Williams, Arley & Company-DC, LLP

Washington, D.C.
November 09, 2021